

WILLIAM B. BRICE

IBLA 80-151

Decided March 16, 1981

Appeal from decision of the Wyoming State Office, Bureau of Land Management, denying approval of an attempted assignment of oil and gas lease W-0324367.

Affirmed.

1. Oil and Gas Leases: Assignments or Transfers

Where there is a private dispute as to the validity or effect of an oil or gas lease assignment and where that assignment has been approved without notice of a controversy as to its effect or validity, and the Department subsequently receives notice of a controversy, it has declined to disturb existing conditions or to approve any change without evidence of an agreement among the parties or a court decree on the matter in controversy. Departmental policy is to allow an approved assignment to stand, maintaining the status quo, in order to allow the parties to resolve their disputes.

2. Administrative Practice -- Oil and Gas Leases: Applications:
Generally -- Oil and Gas Leases: Applications: Sole Party in Interest

The naming of an additional party in interest on the reverse side of the drawing entry card is prima facie evidence that the named person is in fact an interested party within the ambit of 43 CFR 3102.7. However, it is not within

the province of the Department of the Interior to determine the unstated intentions of the offeror as to how and when the right of an interested party will vest.

APPEARANCES: Ted J. Gengler, Esq., of Denver, Colorado, for appellant.

OPINION BY ADMINISTRATIVE JUDGE LEWIS

William B. Brice has appealed from a decision of the Wyoming State Office, Bureau of Land Management (BLM), dated November 6, 1979, which returned unapproved an attempted assignment of a 50 percent interest in oil and gas lease W-0324367 to him from Cheryl Diane Stranahan.

The decision stated:

According to our records, Ms. Stranahan does not hold any interest in this lease. This lease originally issued to Glen B. Stranahan, Jr. Effective June 1, 1966, we approved an assignment of 100% interest in record title from Mr. Stranahan to A. A. McGregor. Through the years, there have been several assignments of record title filed and presently, Cotton Petroleum Corporation holds 100% record title interest in this lease.

As Ms. Stranahan does not have any interest to assign, your assignment is returned herewith unapproved.

The facts of record show that Glen B. Stranahan, Jr., originally submitted a simultaneous oil and gas drawing entry card (DEC) for parcel No. 323 in the March 1966 list of lands in the simultaneous filing procedure posted by the Wyoming State Office. On the front of the DEC he is listed as the applicant for the lease.

On the back of the card in the space under the heading "other parties in interest" was typed "Cheryl Dian [sic] Stranahan owns a interest in this offer to lease if issued." 1/ Subsequently, this card was drawn with first priority and was assigned serial number 0324367.

On April 8, 1966, Glen Stranahan, Jr., and the other interested party, Cheryl Diane Stranahan, filed a statement in compliance with 43 CFR 3102.7 with the BLM setting forth the nature and extent of their interests as follows: "Cheryl Diane Stranahan, a native born U.S. citizen by oral agreement with Glen B. Stranahan Jr. has a 50% interest in the Oil & Gas lease W-0324367. Glen B. Stranahan Jr. a native born citizen of the U.S. has a 50% interest in the Oil & Gas lease W-0324367."

1/ Although Ms. Stranahan's first name appeared as Dian on the DEC it is spelled Diane throughout the remainder of the record.

On April 13, 1966, BLM issued oil and gas lease Wyoming 0324367 in the name of Glen B. Stranahan, Jr., only, for 2,520 acres in Sweetwater County, Wyoming, with no mention of Cheryl Diane Stranahan. The effective date of the lease was May 1, 1966, with a primary term of 10 years and so long thereafter as oil or gas is produced in paying quantities. The record shows the lease was extended by production as of March 31, 1976. 2/

Glen Stranahan, Jr., by an assignment executed on April 25, 1966, conveyed his entire lease interest (apparently 100 percent) to A. A. McGregor. This assignment was filed for BLM approval on May 12, 1966, and approved effective June 1, 1966. As the State Office has indicated, the record title interest has passed through several assignments to the current record holder of 100 percent interest, Cotton Petroleum corporation of Tulsa, Oklahoma. 3/

Appellant contends in his statement of reasons, inter alia, that Cheryl Diane Stranahan as a documented party in interest on the original DEC and having complied with the necessary statement of interest requirements of the law prior to lease issuance, was an original lessee along with Glen Stranahan, Jr., in lease W-0324367. Appellant contends Cheryl Diane Stranahan clearly had, at the time of the assignment at issue, a record title interest of 50 percent in lease W-0324367; she clearly was a party in interest at all times in the lease since its issuance; and she has not previously conveyed that interest nor has

2/ By letter of Aug. 4, 1976, the Wyoming State Office, BLM, informed Sands-American Corporation, the record title holders at that time, that BLM had been requested to transfer the lease account to Geological Survey because of notification that a well was completed on the SE 1/4 SE 1/4, sec. 22, T. 17 N., R. 94 W. sixth principal meridian, on Mar. 31, 1976.

3/ The chain of transfer of this lease after the Stranahan to McGregor assignment continued on July 28, 1966, when McGregor filed for approval of an assignment executed July 15, 1966, conveying his entire interest (100 percent) to Clark Oil and Refining Corporation of Denver, Colorado. This assignment was approved effective August 1, 1966. Subsequently, by assignment executed April 1, 1969, and approved by BLM, effective June 1, 1969, Clark Oil and Refining Corporation assigned its entire interest to Clark Oil and Producing Company of Houston, Texas. Next, Clark Oil and Producing Company filed for approval an assignment executed May 5, 1975, transferring its entire record interest (100 percent) to Sands-American Corporation of Englewood, Colorado. BLM approved the assignment effective July 1, 1975. Sands-American subsequently divided the operating rights to this lease between a group of eight individuals and Resources, Inc., of Atlanta, Georgia, and eventually Ladd Petroleum Corporation. Sands-American alternately assigned its entire record interest (100 percent) to the current record title holder Cotton Petroleum Corporation of Tulsa, Oklahoma, December 1, 1978. The assignment was approved by BLM effective January 1, 1979.

she appointed any party to act as her agent to deal with her interest. He concludes this assignment was adequate and sufficient to transfer her 50 percent of the record title interest to him; that her interest vested at the time of filing the lease offer, and has been continually apparent and evident in the lease file and records of the Wyoming State Office; and that the State Office decision should be reversed and returned to BLM for approval of this assignment.

[1] Appellant, in asking for approval of his assignment of a 50 percent interest in lease W-0324367 from Cheryl Diane Stranahan, is now challenging for the first time the validity of the initial Glen Stranahan-to-McGregor assignment and the subsequent chain of assignments which have been approved by BLM. The basis for this challenge rests on a 50 percent interest claimed by Cheryl Diane Stranahan originally set forth on the back of the DEC. This interest is derived from a private oral agreement apparently executed before the lease issued in 1966. Where there is a private dispute as to an oil and gas lease assignment, it has been the longstanding policy of the Department to decline to adjudicate issues regarding the validity or effect of the assignment until the parties have had an opportunity to settle their dispute privately or in court. John D. and Elizabeth Archer, 46 IBLA 203 (1980); Joseph Alstad, 19 IBLA 104 (1975); John V. O'Kane, 19 IBLA 171 (1975). In Alstad at 112-113, we specifically emphasized that the proper forum to resolve controversies regarding oil and gas lease assignments is a court of competent jurisdiction.

In situations, as in the present case, where an assignment has been approved without notice of a controversy as to its effect or validity and the Department subsequently receives notice of a controversy, it has consistently declined to disturb existing conditions or to approve any change without evidence of an agreement among the parties or a court decree on the matter in controversy. W. J. Goldston, A-30504 (May 19, 1966); McCulloch Oil Corporation of California, A-30208 (Nov. 25, 1964); Newton Oil Company, A-27662 (Dec. 17, 1958); Tom Bolack, A-29223 (Mar. 20, 1963); Anthony C. Vonderbecke, A-28073 (Feb. 11, 1960). Departmental policy is to allow an approved assignment to stand, maintaining the status quo in order to allow the parties to resolve their disputes. John D. and Elizabeth Archer, *supra* at 206; Joseph Alstad, *supra* at 113.

Therefore, we conclude BLM properly returned appellant's assignment unapproved, thereby preserving the status quo and giving the parties involved the opportunity to settle this dispute among themselves.

[2] Appellant has devoted a major portion of his brief on appeal to the argument that Cheryl Diane Stranahan had a recognizable legal interest in this lease when it was originally issued in 1966. It suffices to state that we need not reach this issue for the purpose of our disposition of this case. However, assuming for argument the merit of appellant's contentions, the same result must follow. This Board has previously ruled that the naming of an additional party in interest on the reverse side of the drawing entry card is prima facie evidence that the named person is in fact an interested party within the ambit

of 43 CFR 3102.7. In the same context we stressed that it is not within the province of the Department of the Interior to determine the unstated intentions of the offeror as to how and when the right of an interested party will vest. D. O. Koen, 17 IBLA 81 (1974). Again, it is not for this Board to determine the subjective intentions of the parties as to their agreement and dealings with the lease after issuance.

The longstanding procedure in BLM is to issue a lease in the name(s) of the applicants only, as reflected on the face of the offer. If multiple applicants desire to have the lease issued to them as joint holders of the record title, each name must appear as "offeror" and each must execute the offer form and the lease itself when issued. In this instance, only the name "Glen Stranahan Jr." appears on the face of the offer as "applicant," and only his signature authenticates the lease offer. Thus, it was appropriate to issue the lease in his name only as holder of the record title, notwithstanding the information that he had made an oral agreement with Cheryl Diane Stranahan to share the lease.

The purpose of the regulation requiring disclosure of any outstanding interests in persons other than the applicant is in furtherance of BLM's ability to administer the provisions of the Mineral Leasing Act which relate to the eligibility of persons to hold such interests with regard to citizenship, acreage limitations, etc. Such disclosures of outstanding interests do not, and are not intended to, alter record title to the lease by the addition of the names of such parties as lessees. As noted above, if that is what the parties intend, they can accomplish their objective by filing the offer jointly, rather than by filing the offer in the names of one person and listing the name of another under "Other Parties In Interest" elsewhere on the form, as was done in this case.

Accordingly, pursuant to authority delegated to the Board of Land Appeals by the Secretary of the Interior, 43 CFR 4.1, the decision appealed from is affirmed.

Anne Poindexter Lewis
Administrative Judge

We concur:

Bernard V. Parrette
Chief Administrative Judge

Edward W. Stuebing
Administrative Judge

